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October 29, 2007

Virginia Morgan
Administrative Manager
Mike Little Gas Company, Inc.
P. O. Box 69
Melvin, KY 41650

CERTIFICATE OF SERVICE

RE: Case No. 2007-00425
Mike Little Gas Company, Inc.

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on October 29, 2007.

Executive Director

BOD/rs
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF MIKE) CASE NO. 2007-00425
LITTLE GAS COMPANY, INC.)

ORDER

On October 22, 2003, in Case No. 2003-00141,¹ the Commission approved rates for Mike Little Gas Company, Inc. ("Mike Little"), and provided for their further adjustment in accordance with Mike Little's Gas Cost Adjustment ("GCA") clause.

On September 28, 2007, Mike Little filed its proposed GCA to be effective November 1, 2007.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Mike Little's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Mike Little's notice sets out an Expected Gas Cost ("EGC") of \$10.964 per Mcf, which is an increase of \$.8175 per Mcf from the previous EGC of \$10.1465.
3. Mike Little's notice sets out no current quarter Refund Adjustment ("RA"), and it had no RAs from previous quarters.
4. Mike Little's notice sets out a current quarter Actual Adjustment ("AA") of \$.2163 per Mcf. Mike Little used an incorrect EGC in its calculation. Correcting for this

¹ Case No. 2003-00141, Application of Mike Little Gas Company, Inc. for an Adjustment of Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities, Order dated October 22, 2003.

produces a current quarter AA of \$.1128 per Mcf and a total AA of \$2.5885 per Mcf, which is an increase of \$.0885 per Mcf from the previous total AA.

5. Mike Little's Gas Cost Adjustment Rate is \$13.5525 per Mcf, which is \$.9060 per Mcf more than the previous rate of \$12.6465.

6. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Mike Little on and after November 1, 2007.

IT IS THEREFORE ORDERED that:

1. Mike Little's proposed rates are denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after November 1, 2007.
3. Within 20 days of the date of this Order, Mike Little shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 29th day of October, 2007.

By the Commission

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00425 DATED October 29, 2007

The following rates and charges are prescribed for the customers in the area served by Mike Little Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
First 1 Mcf – Minimum Bill	\$5.50	\$13.5525	\$19.0525
Over 1 Mcf	\$4.3271	\$13.5525	\$17.8796